

FUND POLICY

**The State Street Bank & Trust Company
Company Stock Funds for the Employee Benefit Trusts**

Effective May 28, 1999

Revised January 1, 2003

***THIS IS CURRENTLY A FROZEN FUND WHERE PARTICIPANTS MAY ONLY
WITHDRAW FUNDS***

This fund policy establishes the management practices for the Raytheon Corporation common stock fund in the Delphi Corporation Savings Plan Master Trust and the General Motors Corporation Savings Plan Master Trust.

ENVIRONMENT

In order to process transactions in a daily environment, sufficient liquidity must be available in the Raytheon Corporation Stock Fund to provide for required daily cash flows and prevent delays in distributions.

In the event that daily cash outflows exceed the liquidity of any investment option, a process must be in place for obtaining additional liquidity. If no additional liquidity is available, then a process must be in place for suspending certain activities of the plan(s) until funds become available.

PURPOSE OF THE FUND POLICY

- * To set general investment objectives for the Stock Fund.
- * To establish and adjust the liquidity level for the Stock Fund.
- * To establish options for handling situations where adequate liquidity is not available, and the precedence of these options.

OBJECTIVES

To provide the Raytheon Corporation Stock Fund with an appropriate level of liquidity to meet its ongoing daily cash outflow requirements and identifying alternative methods for raising liquidity when necessary.

To maximize the investment in company stock so that fund performance tracks actual stock performance, consistent with the primary objective.

To ensure best execution with minimal transaction costs when it is necessary to buy or sell company stock.

LIQUIDITY LEVEL

An ongoing liquidity cushion of 0.75% of NAV has been recommended for the Raytheon Corporation stock fund. The liquidity cushion is designed to meet the previously stated objective.

Description and Operation of Liquidity Target Levels

- * Initial liquidity target levels have been conservatively established based on an examination of Plan history and participant balances as well as volume aspects and trading patterns of the Raytheon Corporation common stock. Liquidity levels are monitored and target levels are adjusted based on experience and other relevant information that becomes available, (e.g., plan changes, demographic changes, etc.).
- * The actual level of liquidity will vary around the target.

When liquidity is drawn down, stock will be sold after a cash flow analysis has been completed. The analysis will include examining the amount and timing of the next scheduled contribution(s)/loan repayments and any trades previously placed but not settled. If these sources are not adequate to restore the liquidity to an appropriate level, stock will be sold.

When liquidity is increased due to cash inflows, an analysis of expected cash outflows is made to determine if stock should be purchased. The objective of this analysis will be to avoid frequent trades for relatively small amounts of funds, and to avoid buys and sells on successive days.

BEST EXECUTION WITH MINIMAL TRANSACTION COSTS

In its discretion, the manager may execute any deemed purchases or sales either on the open market or through off-market transactions. To this end, listed below are various options that may be employed. Additional options may be used as they become available and as deemed appropriate by the discretionary manager.

- * *Open Market Transactions and External Off-NYSE (New York Stock Exchange) Transactions*
In executing an open market sale, State Street will consider all available sources for placing a trade including but not limited to the New York Stock Exchange, the "block trading" market, or the Crossing Network. The Crossing Network includes POSIT (which publishes that they will transact four crosses per day) and Instinet (which publishes that it will transact one cross in the evening). The transaction is priced based on the mean of the current Bid and Asked price as quoted on the primary exchange for the stock.
- * *Sale to General Motors or Delphi Corporation*
From time to time, State Street may solicit the interest of General Motors or Delphi Corporation to act as counterparty to a company stock transaction. Based upon the desire of either company to consummate the transaction, the transaction price will be the mean of the current Bid and Asked price for the stock on the Consolidated Quote System. A printout of the current Bid and Asked price will be created for the file. No commission will be charged on the trade. The transaction will settle the following day and proceeds will be wired via Fed Funds. Stock will be delivered per the appropriate instructions below: there will be no commissions charged on these plan stock sales to either company by State Street. It is expected that there will be no material market impact as the trades will be private off market transactions.

Shares will be delivered via DWAC (Deposit Withdrawal at Custodian) to:
Fleet Custody / DTC Participant # 983
Agent Bank # 80999
Institutional ID # 26963
For General Motors-Omnibus Account # 9500
(For Delphi)- Omnibus Account # []

Cash will be sent via the General Motors Corporate Account (DDA # 26570747). On settlement date, the Trust group will debit the Corporate Account and credit the Trust to complete the trade.

- * *Short Settlements*
One-day or two-day settlement period instead of the typical three-day period is requested from the Broker. A premium on the commission will usually result. *The Manager will determine if the quoted commission is justifiable and reasonable.*